

**LEVERAGING TECHNOLOGY TO REDUCE COSTS, IMPROVE CARE AND ADVANCE COORDINATION:
*The Medicaid Electronic Health Record Incentive Payment Program***

Overview

In the past decade, the amount Washington state pays annually for health care doubled to more than \$5 billion making it the fastest growing expenditure in the state budget. A significant portion of this payment is dedicated to the care of low-income children and adults served annually through Medicaid and other programs.

The state's Medicaid Purchasing Administration within the Department of Social and Health Services has been working diligently to contain costs, promote payment integrity and delivery high-quality care. In a nation where the average state has seen an increase of nearly 4% a year, Washington state per-person costs rose just 2.6%.

The federal government has made a concerted effort to support information technology solutions for health care. One such effort is the Health Information Technology for Economic and Clinical Health Act (HITECH), enacted as part of the American Recovery and Reinvestment Act of 2009. HITECH enables States to take advantage of federal funding initiatives to address rising costs associated with care and coordination within the health care system.

**HOW THE PROGRAM
IS FUNDED**

- 100% of the EHR incentive payments are paid with federal funds.
- Federal funds also cover 90% of the administrative costs to establish and manage the program.
- The 10% State cost for program administration must be covered in the 2011 budget process.

A foundational element of HITECH is the Centers for Medicare & Medicaid Services (CMS)-led Medicare and Medicaid Electronic Health Record (EHR) Incentive Payment Program. As it relates to Medicaid, the EHR Incentive Program will provide annual incentive payments to eligible professionals and eligible hospitals as they adopt, implement, upgrade or demonstrate "meaningful use" of certified EHR technology.

HOW IT WORKS

In the first year of the program, incentives will be available to eligible professionals and eligible hospitals that adopt, implement or upgrade certified EHR technology.

Eligible professionals will receive annual payments. Those eligible may receive as many as six annual payments through 2021, a maximum of \$63,750.

Eligible hospitals will also receive annual payments. These are slated to begin in fall of 2011. The last year a Medicaid eligible hospital may begin the program is 2016.

The State of Washington will begin preparation to ensure that eligible professionals and hospitals can demonstrate and verify "meaningful use" of EHR technology beginning in year two of the program (2012).

The Medicaid Purchasing Administration (MPA) is administering this program, and has started putting tools and processes in place to help facilitate the distribution of these incentive payments to eligible Washington providers. This effort falls under the larger State Medicaid Health IT Plan (SMHP) that MPA and Health Care Authority (HCA) are collaborating on and will be submitted to CMS for approval.

MPA has laid the groundwork for the Medicaid EHR Incentive Program and is finalizing the SMHP. Initial program focus in Year One will be on the adoption, implementation and upgrade of certified EHR technology. This will be followed by incentive payments for meeting meaningful use objectives. Other program activities underway include briefings and updates to key stakeholder groups on program registration, establishing communications infrastructure to address incoming inquiries, mapping needs related to programmatic integrity and insuring that technical solutions meet state and federal requirements.

Along with the Medicaid EHR Incentive Program, a number of other critical health information efforts associated with HITECH are underway. These include the HCA's Health Information Exchange in partnership with OneHealthPort, the state's Regional Extension Center and a new workforce training program at Bellevue College. To date, Washington state has received more than \$45 million in HITECH funding for health information technology infrastructure, education and programs.

Why is the Medicaid EHR Incentive Program and "Meaningful Use" Important to Providers?

The Medicaid EHR Incentive Payment Program and "meaningful use" of health information technology will enable health care providers to:

- ✓ Access accurate and complete information about a patient's health. This leads to better care during routine visits and medical emergencies.
- ✓ Diagnose health problems sooner, reduce medical errors, and provide safer care at lower costs.
- ✓ Better coordinate the care they give. This is especially important for patients with serious medical conditions.

Why is the Medicaid EHR Incentive Program and "Meaningful Use" Important to the State?

The Medicaid EHR Incentive Payment Program and "meaningful use" of health information will enable the State to:

- ✓ More closely monitor health trends within our population, allowing for better preparation of seasonal or unexpected events.
- ✓ Better coordinate the care given within the health care system. This is especially important for Medicaid recipients with serious medical conditions.
- ✓ Maintain more accurate records on patient encounters and claims. This will improve accounting accuracy and curb possible overpayments or multiple billings.

National and state support for EHR adoption and the EHR Incentive Program

Hospitals

According to the most recent results of the American Hospital Association's (AHA) Survey of information technology adoption:

- 15.1% of acute care non-federal hospitals have adopted at least a "basic" EHR. This represents growth of nearly 75% since 2008.
- 80.8% of acute care non-federal hospitals plan to apply for EHR incentive payments. Of those hospitals, 80.1% plan to apply in 2011 or 2012.

In the State of Washington approximately 19% (+/-8%) of acute care non-federal hospitals report having at least a "basic" EHR in place; and approximately 94% (+/-5%) plan to apply for EHR incentive payments.

Individual Professionals

According to the most recent results from the National Center for Health Statistics Survey of information technology adoption in physician practices:

- 24.9% of office-based physicians have adopted at least a "basic" electronic health record. This represents growth of nearly 50% since 2008.
- Growth in electronic health record adoption was strongest among primary care physicians last year, 29.6% of whom have now adopted at least a basic EHR.
- In addition, 41.1% of office based physicians plan to apply for EHR incentive payments. Of those physicians, 79.1% plan to apply in 2011 or 2012.

In the State of Washington approximately 44% of office-based physicians have at least a "basic" EHR in their practices. The estimated adoption rate among primary care physicians is 49%. An estimated 44% of office-based physicians plan to apply for EHR incentive payments.

Links to additional information on the Medicaid EHR Incentive Payment Program:

- ❖ State Medicaid EHR Incentive Program - <http://hrsa.dshs.wa.gov/News/HealthIT.htm>
- ❖ CMS EHR Incentive Program - <http://www.cms.gov/EHRIncentivePrograms>
- ❖ Email for Medicaid EHR Incentive Program Questions - HealthIT@dshs.wa.gov

Links to additional information on related state health information technology efforts:

- ❖ HCA's Health Information Exchange - <http://www.hca.wa.gov/arra/ehealth.html>
- ❖ Washington/Idaho Regional Extension Center - www.wirecqh.org
- ❖ Bellevue College Workforce Development - <http://bellevuecollege.edu/informatics/programs.html>
- ❖ Beacon Community of the Inland Northwest - <http://www.inhs.info>